

AUDIT REPORT

CITY OF ATOKA, OKLAHOMA

DECEMBER 31, 2022



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CITY OF ATOKA, OKLAHOMA
DECEMBER 31, 2022

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CITY OF ATOKA, OKLAHOMA
LIST OF BOARD MEMBERS
DECEMBER 31, 2022

ELECTED OFFICIALS

<u>NAME</u>	<u>POSITION</u>
BRIAN CATHEY	MAYOR
DIANE MCGEE	VICE MAYOR
COBY SHERRILL	COUNCIL MEMBER
ERICA POGUE	COUNCIL MEMBER
PAT TURNER	COUNCIL MEMBER

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Atoka, Oklahoma

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atoka, Oklahoma, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Atoka's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Governmental Fund - General Fund	Qualified
Governmental Fund - Capital Improvement Fund	Qualified
Governmental Fund - City/School Tax Fund	Unmodified
Enterprise Fund - Atoka Municipal Authority	Unmodified
Enterprise Fund - ACIDA	Unmodified
Enterprise Fund - AIFA	Unmodified

Qualified Opinions on Governmental Activities, General Fund and Capital Improvement Fund

In my opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section my report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, General Fund and Capital Improvement Fund of the City of Atoka as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-Type Activities, City/School Tax Fund, AMA Fund, ACIDA Fund, AIFA Fund, and Aggregate Remaining Fund Information

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, City/School Tax Fund, AMA Fund, ACIDA Fund,

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AIFA Fund, and the aggregate remaining fund information of the City of Atoka as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Atoka and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on Governmental Activities, General Fund and Capital Improvement Fund

As discussed in Note 1 to the financial statements, the City's Governmental Funds have not maintained accurate capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for my review. The amount by which this departure would affect the assets, net position, and expenditures/expenses of the Governmental Activities, General Fund and Capital Improvement Fund is not readily determinable.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Atoka's ability to continue as a

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going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Atoka's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Atoka's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant

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audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

The introductory and other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2023, on my consideration of the City of Atoka's

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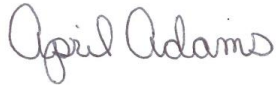
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internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Atoka's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Atoka's internal control over financial reporting and compliance.



April Adams CPA PLLC
Ponca City, Oklahoma

June 15, 2023

CITY OF ATOKA, OKLAHOMA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 2,371,720	\$ 1,924,083	\$ 4,295,803
Investments	288,298	395,232	683,530
Accounts Receivable	-	196,027	196,027
Taxes Receivable	369,364	113,576	482,940
Total Current Assets	3,029,382	2,628,918	5,658,300
<u>Restricted Assets:</u>			
Cash and cash equivalents - Restricted	1,888,779	1,161,758	3,050,537
Investments - Restricted	-	64,000	64,000
Total Restricted Assets	1,888,779	1,225,758	3,114,537
<u>Noncurrent Assets:</u>			
Land and Construction in Progress	-	8,142,468	8,142,468
Capital Assets, net of Accum. Depreciation	-	12,947,202	12,947,202
Total Noncurrent Assets	-	21,089,670	21,089,670
TOTAL ASSETS	4,918,161	24,944,346	29,862,507
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts Payable	505,446	139,222	644,667
Interest Payable	-	42,832	42,832
CLEET & Forensics Liability	10,152	-	10,152
Vacation Payable	197,338	57,722	255,060
Due to (from) Other Funds	57,765	(33,765)	24,000
Posted Bonds	113,746	-	113,746
Cemetery Perpetual Care	1,150	-	1,150
Customer Deposits	-	207,134	207,134
Notes Payable - Current Portion	-	298,072	298,072
Total Current Liabilities	885,596	711,216	1,596,812
<u>Long-Term Liabilities:</u>			
Notes Payable - Long-Term	-	12,316,673	12,316,673
Total Long-Term Liabilities	-	12,316,673	12,316,673
TOTAL LIABILITIES	885,596	13,027,889	13,913,485
<u>NET POSITION</u>			
Net investment in capital assets	-	8,474,925	8,474,925
Restricted for:			
Debt Service	-	1,085,340	1,085,340
Other Purposes	1,888,779	-	1,888,779
Unrestricted	2,143,786	2,356,193	4,499,979
TOTAL NET POSITION	\$ 4,032,565	\$ 11,916,458	\$ 15,949,022

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Current:					
General Government	\$ 2,628,499	\$ 97,221	\$ 265,789	\$ -	\$ (2,265,489)
Police Department	1,183,170	441,822	-	238,437	(502,910)
Lake Patrol	282,463	-	290,175	-	7,713
Fire Department	198,295	-	10,053	-	(188,242)
Street Department	1,755,154	-	-	-	(1,755,154)
Airport	238,167	10,035	197,770	-	(30,362)
Culture & Recreation	314,638	-	-	-	(314,638)
Public Works	200	-	-	-	(200)
Debt Service	-	-	-	-	-
Capital Outlay	411,288	-	-	-	(411,288)
Total Governmental Activities	7,011,874	549,078	763,787	238,437	(5,460,571)
Business-type activities:					
Water	625,929	918,416	-	323,421	615,908
Sewer	517,226	550,851	-	-	33,626
Sanitation	623,662	536,047	-	-	(87,615)
Industrial Development	111,566	-	-	-	(111,566)
Culture & Recreation	259,497	139,074	-	-	(120,422)
Misc. Other Business-type	1,883,389	366,234	-	-	(1,517,154)
Total Business-type Activities	4,021,269	2,510,623	-	323,421	(1,187,225)
Total	\$ 11,033,142	\$ 3,059,701	\$ 763,787	\$ 561,859	\$ (6,647,795)

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (5,460,571)	\$ (1,187,225)	\$ (6,647,795)
General revenues:			
Sales Tax	3,407,149	1,135,716	4,542,866
Use Tax	281,716	93,905	375,621
TIF	-	28,662	28,662
Licenses & Permits	113,859	-	113,859
Alcoholic Beverage Tax	158,201	-	158,201
Vehicle License Tax	22,930	-	22,930
Gasoline Taxes	5,623	-	5,623
Tobacco Tax	32,458	-	32,458
Other Taxes	236,662	-	236,662
Utility Franchise Taxes	118,680	-	118,680
Interest Income	14,316	9,774	24,090
Miscellaneous Revenues	395,201	1,101,297	1,496,498
Transfers - Internal Activity	(103,115)	103,115	-
Total general revenues & transfers	4,683,680	2,472,470	7,156,150
Changes in net position	(776,890)	1,285,245	508,355
Net position - beginning	4,809,455	10,631,212	15,440,667
Net position - ending	\$ 4,032,565	\$ 11,916,458	\$ 15,949,022

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Capital Improvement Fund	City/School Tax Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,439,270	\$ 932,450	\$ -	\$ 2,371,720
Investments	122,036	166,262	-	288,298
Accounts Receivable	-	-	-	-
Taxes Receivable	142,212	113,576	113,576	369,364
Due from Other Funds	10	-	-	10
Restricted Cash and cash equivalents	753,814	-	1,134,964	1,888,779
TOTAL ASSETS	\$ 2,457,342	\$ 1,212,289	\$ 1,248,541	\$ 4,918,171
LIABILITIES & FUND EQUITY				
LIABILITIES:				
Accounts Payable	\$ 99,213	\$ 44,588	\$ 361,645	\$ 505,446
CLEET & Forensics Liability	10,152	-	-	10,152
Vacation Payable	178,147	19,191	-	197,338
Due to Other Funds	57,775	-	-	57,775
Posted Bonds	113,746	-	-	113,746
Cemetery Perpetual Care	1,150	-	-	1,150
Permit & Inspection Fees	-	-	-	-
TOTAL LIABILITIES	460,183	63,779	361,645	885,606
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	886,896	886,896
Committed	-	-	-	-
Assigned	753,814	1,148,510	-	1,902,324
Unassigned	1,243,344	-	-	1,243,344
TOTAL FUND BALANCES	1,997,159	1,148,510	886,896	4,032,565
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,457,342	\$ 1,212,289	\$ 1,248,541	\$ 4,918,171

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$0, net of accumulated depreciation of \$0, are not financial resources and, therefore, are not reported in the funds.

-

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.

-

Net Position of Governmental Activities

\$ 4,032,565

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

	General Fund	Capital Improvement Fund	City/School Tax Fund	Total Governmental Funds
<u>REVENUES:</u>				
Sales Tax	\$ 1,135,716	\$ 1,135,716	\$ 1,135,716	3,407,149
Use Tax	93,905	93,905	93,905	281,716
Licenses & Permits	113,859	-	-	113,859
Alcoholic Beverage Tax	158,201	-	-	158,201
Vehicle License Tax	22,930	-	-	22,930
Gasoline Taxes	5,623	-	-	5,623
Tobacco Tax	32,458	-	-	32,458
Other Taxes	236,662	-	-	236,662
Grant Revenue	1,002,225	-	-	1,002,225
Charges for Services	107,256	-	-	107,256
Bond & Fine Receipts	441,822	-	-	441,822
Utility Franchise Taxes	118,680	-	-	118,680
Interest	9,128	1,341	3,847	14,316
Miscellaneous Revenues	375,051	20,150	-	395,201
TOTAL REVENUES	3,853,517	1,251,113	1,233,468	6,338,098
<u>EXPENDITURES:</u>				
Current:				
General Government	865,027	-	1,763,471	2,628,499
Police Department	1,183,170	-	-	1,183,170
Lake Patrol	282,463	-	-	282,463
Fire Department	198,295	-	-	198,295
Street Department	49,164	1,705,991	-	1,755,154
Airport	238,167	-	-	238,167
Culture & Recreation	314,638	-	-	314,638
Public Works	200	-	-	200
Debt Service	-	-	-	-
Capital Outlay	116,068	295,220	-	411,288
TOTAL EXPENDITURES	3,247,192	2,001,211	1,763,471	7,011,874
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	606,325	(750,098)	(530,003)	(673,776)
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	95,905	-	-	95,905
Operating Transfers Out	(199,019)	-	-	(199,019)
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(103,115)	-	-	(103,115)
NET CHANGES IN FUND BALANCES	503,211	(750,098)	(530,003)	(776,890)
FUND BALANCE - BEGINNING OF YEAR	1,493,948	1,898,608	1,416,899	4,809,455
FUND BALANCE - END OF YEAR	\$ 1,997,159	\$ 1,148,510	\$ 886,896	4,032,565

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds	\$ (776,890)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Capital debt obligation principal payments	-
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Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:

Capital Debt Proceeds	-
-----------------------	---

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	-
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Depreciation expense	-
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Change in Net Position of Governmental Activities	\$ (776,890)
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The accompanying notes are an integral part of the basic financial statements.

**CITY OF ATOKA, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Enterprise Funds			Total
	Atoka Municipal Authority	Atoka City Industrial Development Authority	Atoka Industrial Facilities Authority	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 953,106	\$ 857,522	\$ 113,456	\$ 1,924,083
Investments	5,898	389,334	-	395,232
Accounts Receivable	196,027	-	-	196,027
Taxes Receivable	56,788	56,788	-	113,576
Due from Other Funds	-	224,000	33,775	257,775
Total Current Assets	1,211,819	1,527,644	147,231	2,886,694
Noncurrent Assets:				
Restricted Cash	902,929	258,829	-	1,161,758
Restricted Investments	64,000	-	-	64,000
Land and Construction in Progress	5,085,253	3,057,215	-	8,142,468
Other capital assets, net of accumulated depreciation	10,218,764	1,325,821	1,402,617	12,947,202
Total Noncurrent Assets	16,270,946	4,641,865	1,402,617	22,315,428
TOTAL ASSETS	17,482,764	6,169,509	1,549,848	25,202,122
LIABILITIES & FUND EQUITY				
Current Liabilities:				
Accounts Payable	128,465	7,360	3,397	139,222
Interest Payable	42,080	-	751	42,832
Vacation Payable	36,101	8,762	12,859	57,722
Due to Other Funds	224,010	-	-	224,010
Customer Deposits	207,134	-	-	207,134
Notes Payable - Current Portion	270,930	-	27,141	298,072
Total Current Liabilities	908,720	16,122	44,149	968,991
Noncurrent Liabilities:				
Notes Payable - Long-Term Portion	11,571,916	-	744,757	12,316,673
Total Noncurrent Liabilities	11,571,916	-	744,757	12,316,673
TOTAL LIABILITIES	12,480,636	16,122	788,906	13,285,664
NET POSITION:				
Net investment in capital assets	3,461,171	4,383,036	630,718	8,474,925
Restricted for debt service	826,510	258,829	-	1,085,340
Unrestricted	714,447	1,511,522	130,224	2,356,193
TOTAL NET POSITION	\$ 5,002,128	\$ 6,153,388	\$ 760,942	\$ 11,916,458

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

	Enterprise Funds			
	Atoka Municipal Authority	Atoka City Industrial Development Authority	Atoka Industrial Facilities Authority	Total
OPERATING REVENUES:				
Water Service	\$ 918,416	\$ -	\$ -	\$ 918,416
Sewer Service	550,851	-	-	550,851
Refuse Collection	536,047	-	-	536,047
Penalties	27,420	-	-	27,420
Water and Sewer Tap Fees	38,480	-	-	38,480
Recovery of Bad Debts	373	-	-	373
Miscellaneous	220,561	443,557	-	664,118
Transfer Station	279,863	-	-	279,863
Grants	-	-	-	-
Sale of Recyclables	20,098	-	-	20,098
Intergovernmental	-	101,997	-	101,997
Other Charges for Services	-	-	139,074	139,074
Rents and Leases	-	335,182	-	335,182
Sales and Use Tax (including TIF)	614,811	643,473	-	1,258,284
TOTAL OPERATING REVENUES	3,206,920	1,524,209	139,074	4,870,204
OPERATING EXPENSES:				
Sewer Plant Maintenance	290,286	-	-	290,286
Sewer Collection	226,940	-	-	226,940
Water Maintenance	298,451	-	-	298,451
Water Production	327,478	-	-	327,478
Sanitation	623,662	-	-	623,662
Transfer Station Expenses	148,872	-	-	148,872
Public Works	34,131	-	-	34,131
Industrial Development	-	111,566	-	111,566
Culture & Recreation	-	-	259,497	259,497
Park Design & Development	-	75,979	-	75,979
Marketing	-	38,216	-	38,216
Administration	229,719	274,909	-	504,628
Depreciation	574,312	110,228	86,690	771,230
TOTAL OPERATING EXPENSES	2,753,851	610,899	346,187	3,710,937
NET OPERATING INCOME (LOSS)	453,070	913,310	(207,113)	1,159,267
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	5,892	3,882	-	9,774
Interest Expense	(286,130)	-	(26,601)	(312,732)
Gain(Loss) on Disposal of Equipment	2,400	-	-	2,400
TOTAL NON-OPERATING REVENUES (EXPENSES)	(277,838)	3,882	(26,601)	(300,558)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	175,231	917,192	(233,714)	858,709
Capital Contributions	323,421	-	-	323,421
Transfers in	-	-	229,019	229,019
Transfers out	(95,905)	(30,000)	-	(125,905)
CHANGE IN NET POSITION	402,748	887,192	(4,695)	1,285,245
TOTAL NET POSITION - BEGINNING	4,599,380	5,266,195	765,637	10,631,212
TOTAL NET POSITION - ENDING	\$ 5,002,128	\$ 6,153,388	\$ 760,942	\$ 11,916,458

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ATOKA, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

	Enterprise Funds			
	Atoka Municipal Authority	Atoka City Industrial Development Authority	Atoka Industrial Facilities Authority	Total
<u>Cash Flows from Operating Activities:</u>				
Cash Receipts from Customers	\$ 2,569,677	\$ 778,739	\$ 139,074	\$ 3,487,490
Other Cash Receipts	607,398	738,057	-	1,345,455
Payments to Suppliers & Employee for Goods & Services	(2,154,481)	(553,471)	(259,900)	(2,967,852)
Receipts of Customer Utility Deposits, Net of Refunds	9,696	-	-	9,696
Net Cash Provided (Used) by Operating Activities	1,032,289	963,325	(120,826)	1,874,789
<u>Cash Flows from Non-Capital Financing Activities:</u>				
Transfers to other funds	(95,905)	(30,000)	-	(125,905)
Transfers from other funds	-	-	220,652	220,652
Net Cash Provided (Used) by Non-Capital Financing Activities	(95,905)	(30,000)	220,652	94,747
<u>Cash Flows from Capital & Related Financing Activities:</u>				
Capital Contributions, Including Loan Forgiveness	323,421	-	-	323,421
Additions to Capital Assets	(1,349,075)	(1,455,912)	(7,778)	(2,812,765)
Proceeds from Disposal of Capital Assets	9,000	-	-	9,000
Loan Proceeds	1,200,206	-	-	1,200,206
Principal paid on debt	(412,815)	-	(27,131)	(439,946)
Interest paid on debt	(298,713)	-	(26,627)	(325,340)
Net Cash Provided (Used) by Capital & Related Financing Activities	(527,975)	(1,455,912)	(61,535)	(2,045,423)
<u>Cash Flows from Investing Activities:</u>				
(Increase) in Investments	-	69,511	-	69,511
Interest Income	5,892	3,882	-	9,774
Net Cash Provided (Used) by Investing Activities	5,892	73,393	-	79,285
Net Increase (Decrease) in Cash and Cash Equivalents	414,301	(449,194)	38,291	3,398
Cash & Cash Equivalents, Beginning of Year	1,441,734	1,565,544	75,165	3,082,444
Cash & Cash Equivalents, End of Year	\$ 1,856,035	\$ 1,116,351	\$ 113,456	\$ 3,085,841
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>				
Operating Income (Loss)	\$ 453,070	\$ 913,310	\$ (207,113)	\$ 1,159,267
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	574,312	110,228	86,690	771,230
(Increase)Decrease in Accounts Receivable	(22,433)	-	-	(22,433)
(Increase)Decrease in Taxes Receivable	(7,413)	(7,413)	-	(14,826)
Increase(Decrease) in Accounts Payable	27,201	(54,968)	(2,992)	(30,759)
Increase(Decrease) in Vacation Payable	(2,143)	2,168	2,589	2,614
Increase(Decrease) in Due to Depositors	9,696	-	-	9,696
Net Cash Provided (Used) by Operating Activities	\$ 1,032,289	\$ 963,325	\$ (120,826)	\$ 1,874,789

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Trust and Agency Funds			
	Payroll Clearing	Cemetery Perpetual Care	Cemetery Care	Total
ASSETS				
Cash and cash equivalents	\$ 45,950	\$ 11,988	\$ 1,642	\$ 59,580
Investments	-	46,624	-	46,624
Accounts Receivable	20,227	-	-	20,227
Due from Other Funds	-	-	-	-
TOTAL ASSETS	66,177	58,612	1,642	126,431
LIABILITIES & FUND EQUITY				
Current Liabilities:				
Accounts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Current Liabilities	-	-	-	-
Noncurrent Liabilities:				
Notes Payable - Long-Term Portion	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
NET POSITION:				
Assigned	66,717	58,612	1,642	126,971
TOTAL NET POSITION	\$ 66,177	\$ 58,612	\$ 1,642	\$ 126,431

The accompanying notes are an integral part of the basic financial statements.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Atoka, Oklahoma (City) was incorporated in 1901 under provisions of Oklahoma Law. The City operates under a Council-Manager form of government. There are five elected officials that each serve a two year term and on appointed City Manager. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, sewer, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. The following is a summary of the more significant policies:

A. Financial Reporting Entity:

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic—but not only—criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility includes, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Blended Component Units/Trusts:

The Atoka Municipal Authority (AMA) was created pursuant to a Trust Indenture for the benefit of the City of Atoka, Oklahoma. The AMA was established to finance, develop, and operate the water, sewer, and sanitation activities of the City. Current City Council serves as the governing body.

The Atoka City Industrial Development Authority (ACIDA) is also a public trust, the beneficiary of which is the City of Atoka, Oklahoma. The ACIDA works with the city, county, state and community to strengthen Atoka and SE Oklahoma's quality of life and industrial viability. It uses a five-point approach to

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

address the following segments: Jobs, Housing, Education, Health, and Tourism.

The Atoka Industrial Facilities Authority is a public trust, the beneficiary of which is the City of Atoka, Oklahoma, that was created October 10, 1996. Until the 2010 fiscal year, the Authority had no activity for several years.

These three trusts are reported as enterprise funds in the financial statements.

B. Measurement Focus, Basis of Accounting and Basis of Presentation
- Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues or expenditures of the corresponding element for all funds of that category and is at least 5% of the corresponding element total for all governmental and enterprise funds combined or is a fund that the government believes is important enough for financial statements users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds, if any, are reported by type.

Fund Accounting - The accounts of the City of Atoka are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Enterprise Funds - Atoka Municipal Authority, Atoka City Industrial Development Authority and Atoka Industrial Facilities Authority:

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

The enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The City's major enterprise funds are:

Atoka Municipal Authority - accounts for the operations of providing public works (water, sewer, and sanitation) to the City.

Atoka City Industrial Development Authority - accounts for the promotion of development of industry in the City.

Atoka Industrial Facilities Authority - accounts for providing, maintaining, constructing recreational and cultural facilities within the City.

Fiduciary Funds - account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The fiduciary funds include the payroll clearing fund, cemetery perpetual care fund and cemetery care fund.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Cash includes amounts in demand deposits. The City considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents. City policy has been to invest in obligations of the U.S. Treasury and Certificates of Deposit.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. Restricted Cash and Investments

Certain proceeds from grants, customer deposits, park funds, and bond sinking funds have been set aside for these purposes, and fund balances and resources have been restricted to assure availability for the intended purpose.

3. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Short-term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for various reasons. The receivables and payables are classified as "Due From Other Funds" or "Due to Other Funds" on the balance sheet. Short-term loans are classified as "Interfund Receivables/Payables."

5. Inventories

There are no inventories listed on the balance sheet. The amount of inventories is small and is recorded as an expenditure when purchased rather than when consumed.

6. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements. The City has not historically maintained fixed asset records.

Proprietary and component unit capital assets are reported in their respective fund and combining components units' financial statements. Donated assets are stated at fair value on the date donated. The Town maintains a capitalization threshold of \$500. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5-30 years
Improvements, other than buildings	5-30 years
Furniture, machinery and equipment	5-15 years
Utility systems	5-40 years

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested accumulated vacation leave of proprietary funds is recorded as an expenditure of these funds as the benefits accrue to employees. In accordance with the provisions of Statement of Accounting Standards No. 43, Accounting for Compensated Absences no liability is recorded for nonvesting accumulating rights to received sick pay benefits.

8. Long-Term Obligations

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in that fund (Atoka Municipal Authority and the Industrial Development Authority).

9. Net Position/Fund Balance Classifications:

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. Restricted—Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted—Net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Improvement Fund	Sales Tax Use Tax Miscellaneous Income
City/School Tax Acct Fund	Sales Tax

10. Interfund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as a reduction of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. All interfund transfers are reported as operating transfers. The interfund transactions have not been reconciled, but are considered immaterial.

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At December 31, 2022, the City held deposits of approximately \$8,199,674 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Government insured or collateralized with securities held by the City or by its agent in the City's name.

Investment Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The investments held at December 31, 2022 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments:				
Certificate of deposit	7.77	N/A	\$ 794,154	\$ 794,154
Total Investments			<u>\$ 794,154</u>	<u>\$ 794,154</u>

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following credit risk: 100% in Certificates of deposit (\$794,154).

NOTE 3 - RESTRICTED ASSETS

The loan agreements with OWRB require that certain monies be put in a trust type account. These funds are restricted to servicing the loans with OWRB. Monthly payments are made to a debt service account and then invested upon receipt by the loan trustee, BOK Trust. Semi-annual payments are then made by the trustee from this account to OWRB.

Restricted cash and investments consist of the following:

Governmental Activities:

General Fund -	
Choctaw Nation Donations	\$ 376,186
Atoka Municipal Airport	370
Crime Stoppers	2,395
CDBG - Home Grant	110
Grant Project Account	374,753
City/School Tax Fund -	
Sales Tax for City/School Tax Fund	1,134,964
Total Governmental Activities	<u>\$ 1,888,778</u>

Business-Type Activities:

Atoka Municipal Authority -	
Meter Deposits	\$ 150,517
Water Plant Depreciation	217,279
CDBG - WS	62,005
OWRB 2016 DWSRF Debt Service Fund	102,627
OWRB 2020b FAP2100051 Debt Service Fund	41,139
AMA Sales Tax Fund	329,362
Meter Deposits - Investments	64,000
Atoka City Industrial Development Authority	
Water Recreation Tax	258,829
Total Business-Type Activities	<u>\$ 1,225,758</u>

Total Restricted Assets \$ 3,114,537

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - CAPITAL ASSETS

Proprietary Fund Capital Assets:

	12/31/2021			12/31/2022
<u>Business-Type Activities:</u>	Balance	Additions	Retirements	Balance
Capital assets not being depreciated:				
Land	\$ 1,861,165	\$ 770,818	\$ -	\$ 2,631,984
Construction in progress	4,041,389	1,476,873	(7,778)	5,510,484
Total capital assets not being depreciated	5,902,554	2,247,691	(7,778)	8,142,468
Other capital assets:				
Water Lines	624,965	-	-	624,965
Water Treatment Plant	7,866,823	10,340	-	7,877,163
Fluoride System	9,651	-	-	9,651
Elevated Water Tank	146,444	-	-	146,444
Sewer System	8,696,035	-	-	8,696,035
Vehicles and Equipment	1,150,643	137,927	(16,210)	1,272,360
Water Meters	3,785	-	-	3,785
Leasehold Improvements	14,692	409,028	-	423,720
Buildings	5,335,966	15,556	-	5,351,522
Total other capital assets	23,849,004	572,851	(16,210)	24,405,645
Less: Accum. Depreciation for:				
Water Lines	360,401	7,823	-	368,224
Water Treatment Plant	3,270,518	240,732	-	3,511,250
Fluoride System	9,651	-	-	9,651
Elevated Water Tank	136,348	3,661	-	140,009
Sewer System	3,075,587	269,205	-	3,344,792
Vehicles and Equipment	1,069,149	39,525	(9,610)	1,099,064
Water Meters	3,785	-	-	3,785
Leasehold Improvements	7,346	20,546	-	27,892
Buildings	2,764,039	189,737	-	2,953,776
Total Accumulated Depreciation	10,696,823	771,230	(9,610)	11,458,443
Other capital assets, net	13,152,181	(198,378)	(6,600)	12,947,202
Business-type activities capital assets, net	\$ 19,054,735	\$ 2,049,313	\$ (14,378)	\$ 21,089,670

The additions to accumulated depreciation include only the current year depreciation expense of \$771,230. The asset additions included land, vehicles and sewer and water improvements.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Depreciation expense was charged to functions as follows in the Statement Activities:

Business-Type Activities:

Atoka Municipal Authority	\$ 574,312
Atoka City Industrial Development Authority	110,228
Atoka Industrial Facilities Authority	86,690
Total depreciation expense for business-type activities	<u>\$ 771,230</u>

NOTE 5 - CHANGES IN LONG-TERM DEBT

GOVERNMENTAL FUND TYPES:

The City currently has no governmental fund type long-term debt.

PROPRIETARY FUND TYPES:

Notes Payable - Oklahoma Water Resources Board

The Atoka Municipal Authority was awarded a loan (ORF-17-0001-DW), under the Oklahoma Drinking Water State Revolving Fund (DWSRF) program, by the State of Oklahoma Water Resources Board (OWRB) on October 1, 2017, for refinancing the Rural Development notes dated May 1, 2008 at an interest rate of 1.96% per annum, plus an administrative fee at the rate of 0.5% per annum, secured by the water revenues of the Authority and a .75% sales tax. The original principal amount of the loan was \$5,169,000. The loan matures September 15, 2039.

On March 26, 2020, the Authority entered into a Promissory Note, Series 2020, ORF-17-0002-DW with the Oklahoma Water Resources Board (OWRB). The security for the Note includes a pledge and assignment of revenues derived by the Authority from its operation of the water system of the Authority serving the City of Atoka, Oklahoma and a year-to-year pledge of certain sales tax revenue of the City of Atoka, Oklahoma, pursuant to a Sales Tax Agreement dated October 1, 2016. The Note is further secured by a Mortgage dated March 26, 2020 by the Authority to the OWRB. The loan is for a principal amount of \$4,010,000.00 but will include a Loan Forgiveness of \$100,000.00. The outstanding principal balance of this Note, together with all accrued, but unpaid, interest and administrative fees shall be due and payable in full on the earlier of the March 15 or September 15 next preceding the date which is thirty (30) years after completion of the Project as certified to the OWRB by the District or September 15, 2051. The Note shall bear interest at a rate of 1.94% per annum plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

On September 17, 2020, the Authority entered into a Promissory Note, Series 2020A, ORF-17-0002-DWA with the Oklahoma Water Resources Board (OWRB). The security for the Note includes a pledge and assignment of revenues derived by the Authority from its operation of the water system of the Authority serving the City of Atoka, Oklahoma and a year-to-year pledge of certain sales tax revenue of the City of Atoka, Oklahoma, pursuant to a Sales Tax Agreement dated October 1, 2016. The Note is further secured by a Mortgage dated September 17, 2020 by the Authority to the OWRB. The loan is for a principal amount of \$1,261,000.00 but may include a Loan Forgiveness. The outstanding principal balance of this Note, together with all accrued, but unpaid, interest and administrative fees shall be due and payable in full on the earlier of the March 15 or September 15 next preceding the date which is thirty (30) years after completion of the Project as certified to the OWRB by the District or September 15, 2051. The Note shall bear interest at a rate of 1.42% per annum plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds.

On December 1, 2020, the Authority entered into a Promissory Note, Series 2020B, FAP-21-0005-L with the Oklahoma Water Resources Board (OWRB). The security for the Note includes a pledge and assignment of revenues derived by the Authority from its operation of the water and sanitary sewer systems of the Authority serving the City of Atoka, Oklahoma and a year-to-year pledge of certain sales tax revenue of the City of Atoka, Oklahoma, pursuant to a Sales Tax Agreement dated December 1, 2020. The Note is further secured by a Mortgage dated December 1, 2020 by the Authority to the OWRB. The loan is for a principal amount of \$2,850,000.00, plus premium of \$295,784.65, less original issue discount of \$26,951.20, less OWRB transactions costs. The proceeds of the note were used to refinance the Rural Development notes dated August 15, 2011. The discount and the premium are both being amortized over the term of the loan. The loan is for a term of 25 years maturing on September 15, 2045 with varying interest rates between 2.325% and 4.200% until maturity.

Note Payable - AmeriState Bank

On June 21, 2010, the Atoka Industrial Facilities Authority incurred a promissory note due to AmeriState Bank. The proceeds of this loan are being used for construction of the Event Complex and will not exceed \$1,800,000.00. The promissory note bears interest at 5.0% per annum and requires 12 monthly consecutive interest payments, beginning July 21, 2010, and 107 monthly consecutive principal and interest payments of \$9,667.37 each, beginning July 21, 2011 and on principal and

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

interest payment of \$1,515,723.89 on June 21, 2020. During a past year, the AIFA paid an additional principal only payment of \$771,000.00 and refinanced the loan with a new interest rate of 3.5% to be paid in equal monthly payments of \$4,479.79 with a final lump sum payment on August 21, 2021 of the remaining balance due for principal & interest. On September 2, 2021, there was a change in terms agreement that extended the maturity date to August 21, 2031 with no change to interest or monthly payment requirements.

The following is a summary of long-term debt additions and deductions for the twelve months ended December 31, 2022:

	Balance 12/31/2021	Additions	Deductions	Balance 12/31/2021
DOC Sewer Loan (AMA)	\$ -	\$ -	\$ -	\$ -
OWRB ORF-17-0001-DW (AMA)	4,281,567	-	(191,133)	4,090,434
OWRB ORF-17-0002-DW (AMA)	3,688,727	187,831	(109,339)	3,767,219
OWRB ORF-17-0002-DWA (AMA)	48,730	1,012,375	(37,342)	1,023,763
OWRB FAP-21-0005-L (AMA)	2,790,000	-	(75,000)	2,715,000
AmeriState Bank (AIFA)	799,029	-	(27,131)	771,899
Total Long-Term Debt	11,608,054	1,200,206	(439,946)	12,368,314
Less: Current Portion	(292,343)			(298,072)
Less: Discount on OWRB	(25,783)	-	1,078	(24,705)
Plus: Premium on OWRB	282,967	-	(11,831)	271,136
Net Long-Term Debt	\$ 11,572,895	\$ 1,200,206	\$ (450,699)	\$ 12,316,673

A summary of future maturities of principal and interest are as follows:

Amortization schedules will be provided for OWRB ORF-17-0002-DW & OWRB ORF-17-0002-DWA once proceeds are received in full and the project is completed.

OWRB ORF-17-0001-DW (AMA):				
FYE Dec 31,	Principal	Interest	Admin Fee	Total
2023	\$ 195,930.24	\$ 80,306.57	\$ 20,486.37	\$ 296,723.18
2024	200,578.07	76,603.42	19,541.69	296,723.18
2025	205,881.48	72,377.94	18,463.76	296,723.18
2026	211,048.54	68,261.10	17,413.54	296,723.18
2027	216,345.24	64,040.96	16,336.98	296,723.18
2028-2032	1,165,566.35	253,405.34	64,644.21	1,483,615.90
2033-2037	1,319,658.83	130,632.45	33,324.62	1,483,615.90
2038-2039	575,424.92	14,358.18	3,662.80	593,445.90
	\$ 4,090,433.67	\$ 759,985.96	\$ 193,873.97	\$ 5,044,293.60

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

OWRB FAP-21-0005-L (AMA):

FYE Dec 31,	Principal	Interest	Total
2023	\$ 75,000.00	\$ 87,980.02	\$ 162,980.02
2024	80,000.00	84,830.02	164,830.02
2025	80,000.00	81,470.02	161,470.02
2026	85,000.00	78,110.02	163,110.02
2027	90,000.00	74,540.02	164,540.02
2028-2032	505,000.00	313,060.10	818,060.10
2033-2037	625,000.00	199,787.60	824,787.60
2038-2042	710,000.00	108,961.26	818,961.26
2043-2045	465,000.00	23,030.00	488,030.00
	<u>\$ 2,715,000.00</u>	<u>\$ 1,051,769.06</u>	<u>\$ 3,766,769.06</u>

Ameristate Bank (AIFA):

FYE Dec 31,	Principal	Interest	Total
2023	\$ 27,141.41	\$ 26,616.07	\$ 53,757.48
2024	28,106.76	25,650.72	53,757.48
2025	29,106.43	24,651.05	53,757.48
2026	30,141.67	23,615.81	53,757.48
2027	31,213.70	22,543.78	53,757.48
2028-2031	626,188.69	73,778.94	699,967.63
	<u>\$ 771,898.66</u>	<u>\$ 196,856.37</u>	<u>\$ 968,755.03</u>

NOTE 6 - CHANGE IN FISCAL YEAREND

In accordance with new Oklahoma Statutes, during 2005, the City and Authorities elected to change from a fiscal yearend of June 30 to a calendar yearend. This change is reflected in the financial statements.

NOTE 7 - SALES TAX REVENUE

From the City's 4.0% sales tax, the funds are distributed as follows:

City General Fund 1.0% General Government, Public Safety, Parks & Recreation, Cemeteries and Code Enforcement

Capital Improvement 1.0% Streets, Right of Ways, Alleys, Utility Relocations, Fire Department Vehicles & Equipment

Atoka Municipal Authority 0.5% Water Plant Loan Payment

Atoka City Industrial Development Authority 0.5% Economic Development

Atoka Public Schools 1.0% New Sports Complex Facilities

NOTE 8 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions;

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 9 - CONTINGENT LIABILITIES

The City is not aware of any pending or threatened legal actions against it. However, insurance protection has been obtained to cover probable claims.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 10 - OIL AND GAS LEASE

The City entered into three oil and gas leases dated June 15, 2006 with Antero Resources Corporation. The royalties paid by Lessee are (a) an oil and other liquid hydrocarbons, three-sixteenth (3/16) of the produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products there from, the value at the well of three-sixteenth (3/16) of the gas or product sold or used. On gas sold at the well, the royalty shall be three-sixteenth (3/16) of the net proceeds realized from such sale. All royalties paid on gas will be paid after deducting from such royalty lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the wellhead to the point of sale, treating, compression, and processing. On product sold, the royalty shall be three-sixteenth (3/16) of the net proceeds realized from such sale, after deducting from such royalty lessor's proportionate amount of all of the above post-production costs and expenses, if any. Each lease shall remain in force for a term of three (3) years from date and so long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

For the fiscal year ending December 31, 2022, payments received for the above referenced oil and gas leases are included in the General Fund's financial statements as Charges for Services.

NOTE 11 - GRANT INCOME

The City of Atoka was approved for REAP Grant 22-021 from SODA (Southern Oklahoma Development Association) in the amount of \$52,000.00. As of December 31, 2022, \$52,000.00 has been received and expended and there is no remaining balance.

The City of Atoka was approved for ARPA Coronavirus State and Local Fiscal Record Funds from the U.S. Department of the Treasury in the amount of \$263,292.90, \$1,255.95 & \$264,533.04. As of December 31, 2022, \$529,081.89 has been received and \$24,280.00 has been expended and there is no remaining balance.

The City of Atoka was approved for an Obstruction Removal Grant from the FAA in the amount of \$137,500.00. As of December 31, 2022, \$104,067.00 has been received and expended and there is a remaining balance of \$33,433.00.

The City of Atoka was approved for a Grant from the Oklahoma Aeronautic Commission in the amount of \$283,613.95, with required sponsor matching funds of \$14,927.05. As of December 31, 2022, \$93,703.43 has been received and \$98,635.40 has been expended and there is a remaining balance of \$189,910.52.

The City of Atoka was approved for several Community Facilities Grants from the U.S. Department of Agriculture for fire and police department equipment. The first grant was for the amount of \$21,700.00. As of December 31, 2022, \$20,413.94 has been received and expended and there is a remaining balance of \$1,286.06. The second grant was for an amount of \$50,000.00. As of December 31, 2022, \$50,000.00 has been received and expended and there is no remaining balance. The third grant was for an amount of \$719,600.00. As of December 31, 2022, \$672,773.97 has been received and expended and there is a remaining balance of \$46,826.03. The fourth grant was for an amount of \$70,400.00. As of December 31, 2022, \$70,400.00 has been received and expended and there is no remaining balance.

The Atoka Municipal Authority was approved for a Sewer Overflow and Stormwater Reuse Municipal Grant (OSG) from the Oklahoma Water Resources Board in the amount of \$197,681.00. As of December 31, 2022, \$24,441.10 has been received and expended and there is a remaining balance of \$173,239.90.

CITY OF ATOKA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - EMPLOYEE RETIREMENT SYSTEM AND PLANS

Simple IRA Plan

The City has an arrangement with Ameristate Bank whereby if an individual employee, after 90 days of employment, opens an IRA at the bank and contributes a minimum of 3% of their paycheck, with no limit on the maximum, the City then contributes 5% only. The total contributions for the fiscal year ending December 31, 2022, for employer and employee were \$14,815.04 and \$17,137.86, respectively for a total of \$31,952.90 for the General Fund, \$5,445.60 and \$4,445.72, respectively for a total of \$9,891.32 for the Capital Improvement Fund, \$7,663.93 and \$5,116.42, respectively for a total of \$12,780.35 for the AMA, \$2,075.04 and \$1,245.12, respectively for a total of \$3,320.16 for the AIFA and \$3,729.17 and \$3,250.08, respectively for a total of \$6,979.25 for the ACIDA. Information regarding this arrangement can be obtained from the City.

Oklahoma Firefighter's Pension and Retirement System

The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) on behalf of its volunteer firefighters. The Town contributes \$60/year for each volunteer firefighter as set by Oklahoma Statutes; voluntary firefighters do not contribute to the Plan. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer, or municipality, contributory defined benefit pension plan. The authority to amend and establish benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report as well as actuarial assumptions and funding information may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System c/o Oklahoma State Firefighters Association, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

The required contribution from the Town for this plan was \$1,320, \$1,140 and \$1,200 for 2022, 2021 and 2020, respectively. The required contribution was fully contributed.

NOTE 13 - SUBSEQUENT EVENTS

The City did not have any subsequent events through the date of the audit report, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending December 31, 2022.

EXHIBIT I

CITY OF ATOKA, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ -	\$ -
<u>Resources (Inflows):</u>				
Sales Tax	1,000,000	1,122,245	1,122,244	(1)
Use Tax	90,000	92,553	92,552	(1)
Licenses & Permits	29,200	113,768	113,767	(1)
Alcoholic Beverage Tax	165,000	158,324	158,324	(0)
Vehicle License Tax	24,000	23,012	23,012	(0)
Gasoline Taxes	6,500	5,636	5,635	(1)
Tobacco Tax	38,000	32,640	32,639	(1)
Other Taxes	142,500	236,662	236,662	(0)
Grant Revenue	272,602	773,232	773,230	(2)
Charges for Services	78,170	108,231	108,228	(3)
Bond & Fine Receipts	430,000	441,756	441,755	(1)
Utility Franchise Taxes	98,000	115,492	115,490	(2)
Miscellaneous Revenues	88,032	374,739	374,737	(2)
Amounts available for appropriation	2,462,004	3,598,290	3,598,274	(16)
<u>Charges to Appropriations (Outflows):</u>				
Current:				
General Government	670,121	876,574	876,561	13
Police Department	1,147,769	1,208,794	1,208,779	15
Lake Patrol	272,602	290,401	290,396	5
Fire Department	48,550	200,237	200,234	3
Street Department	50,500	49,164	49,164	0
Airport	21,638	238,170	238,167	3
Culture & Recreation	248,324	374,305	374,297	8
Public Works	2,500	200	200	-
Debt Service	-	-	-	-
Capital Outlay	-	360,445	-	360,445
Total Charges to Appropriations	2,462,004	3,598,290	3,237,798	360,492
Prior Year Adjustments to Fund Balance	-	-	-	-
Ending Budgetary Fund Balance	-	-	360,476	360,476

CITY OF ATOKA, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULE
DECEMBER 31, 2022

The City adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the city charter at the legal level of classification (fund, department, & object category) and that the budget be filed with County Clerk and the State Auditor and Inspector. The City may transfer budgeted amounts within and among departments.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Atoka, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atoka, Oklahoma, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Atoka, Oklahoma's basic financial statements, and have issued my report thereon dated June 15, 2023, which was qualified for the governmental activities, general fund and capital improvement fund for improper capital asset recordkeeping and unmodified for the of the business-type activities, City/School Tax Fund, AMA Fund, ACIDA Fund, AIFA Fund, and the aggregate remaining fund information. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Atoka, Oklahoma's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Atoka, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Atoka, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such

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that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

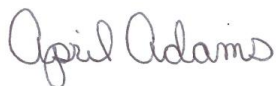
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Atoka, Oklahoma's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April Adams CPA PLLC
Ponca City, Oklahoma

June 15, 2023

CITY OF ATOKA, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

	Trust and Agency Funds			
	Payroll Clearing	Cemetery Perpetual Care	Cemetery Care	Total
Additions:				
Interest Income	\$ -	\$ 688	\$ 5	\$ 692
Lot Sales	-	-	1,000	1,000
Miscellaneous	24,585	1,792	-	26,377
TOTAL ADDITIONS	24,585	2,480	1,005	28,069
Deductions:				
Other Services & Charges	-	25,649	-	25,649
TOTAL DEDUCTIONS	-	25,649	-	25,649
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	24,585	(23,169)	1,005	2,421
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
CHANGE IN NET POSITION	24,585	(23,169)	1,005	2,421
TOTAL NET POSITION - BEGINNING	42,132	81,781	637	124,551
TOTAL NET POSITION - PRIOR YEAR ADJUSTM	-	-	-	-
TOTAL NET POSITION - ENDING	\$ 66,717	\$ 58,612	\$ 1,642	\$ 126,971

The accompanying notes are an integral part of the basic financial statements.